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# The Limits and Merits of Participation

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Once a shout from the radical fringe, the call for participation has resurfaced as a dominant voice in development thinking. But the new truth may be flawed.

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## Summary findings

The goal of economic development is to increase growth and eliminate poverty. Recently, the goal has been broadened to include promoting participatory governance. Arguably, participation — for example, in community water committees — produces two desirable outcomes: democratic processes and better-targeted, more efficiently delivered public services.

Participation is desirable as an end in itself, as a means of sharing resources, control, and responsibility within the social group. Yet participation is not always related to democracy. Fascism was a participatory, grassroots political movement.

Participation is as much a problem as it is a solution, as much a goal as a tool. It is a problem when it is disorderly and if it is assumed to be a substitute for democratic representation. It is a solution when it changes conflict into negotiated losses. Participation can make development assistance more effective, but it works best for groups that are already participatory; for groups that can already help themselves.

The recent literature on the effectiveness of foreign aid to developing countries presents an interesting analogy. Most foreign aid is useless. The only part that really helps development is that which follows rather than precedes policy change. Similarly, participation seems to work well only when the institutions of participation are

in place before the need they address arises and when the institutions are compatible with the need's objectives. These conditions are not easily met.

Discussions of participation cannot ignore issues of political power, local power, populism, and representation. They cannot ignore issues of moral pluralism (the variety of ways in which people value their lives) or cultural diversity. They cannot dismiss the ways in which people can be blocked from better lives by the beliefs of their cultures. They cannot avoid the pressure that a dominant group may exert to forge solutions that are morally unacceptable.

These problems are not irrelevant or unimportant. Efforts to promote participation would seem strikingly banal were the history of development efforts not replete with failures to achieve participation where it would have made a difference. It has typically been assumed that people, especially poor people, lack the competence to decide for themselves.

Similarly, the failures of participation would seem strikingly banal if people, especially those we are interested in, behaved the way we expected them to. But people do not behave as expected. Their interests may not be in the collective interest, and their goals may not coincide with broader social goals.

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## **The Limits and Merits of Participation\***

Paulo Vieira da Cunha and Maria Valeria Junho Pena

The goal of economic development is to increase growth and eliminate poverty. Recently, the goal has been broadened to include promoting participatory governance. Arguably, participation—such as in community water committees, neighborhood organizations, and school associations—produces two desirable outcomes. One is democracy itself; the other, less ambitious, is better targeted and more efficiently delivered public services.

Once a shout from the radical fringe, the call for participation has re-surfaced as a dominant voice in development thinking.<sup>1</sup> But the new truth may be flawed. Participation is desirable as an end in itself, as a means of sharing resources, control, and responsibility within the social group. Yet participation is not always related to democracy—fascism was a participatory and grassroots-based political movement. Moreover, historically, social rights were not necessarily the product of participatory democracy; in fact, participation in itself fails to resolve the classic economic dilemma of ordering social choices. Because participation is a social act that springs from a preexisting set of social relations it is more readily applied in situations that condone and reinforce that set of social relations. Though it may be used for “radical” (e.g., redistributive) outcomes, it is essentially a conservative, pragmatic form of social action. When used to address local problems, as it most often is, it will assign costs and benefits in accordance to the pre-existing local distribution of power. Thus, as a means for social change, participation

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raises as many questions as it answers. To be taken seriously, an argument for participation should recognize and face the issues of social organization and hierarchy—and this has important implications, especially for those who believe that because a process is participatory, it is preferable to the alternatives.

### **Justice, Injustice, and the Quest for Alternatives**

The idea that injustice is not inevitable is relatively recent:

Not all that long ago, the social, political, and economic order under which men and women were living was taken for granted. . . . The idea that the social order—intermediate between the fortuitous and the unchangeable—may be an important cause of human unhappiness became widespread only in the modern age, particularly in the eighteenth century (Hirschman 1986, p. 105).

The idea that injustice is not natural suggests that individuals have rights.<sup>2</sup> “To be modern,” writes Apter (1965, p. 10), “is to see life as alternatives, preferences, and choice.” It is to demand new things as rights and not only as desires.<sup>3</sup>

### **The Value of Participation**

Participation is a means of acquiring new rights. It is a form of social action that is voluntary, rational, and based on the belief that individuals (or communities) have joint interests that allow

cooperative solutions. It is an instrument for negotiating divergent interests; it does not eliminates losses but makes them transparent and acceptable.

### ***Participation, Civil Society, and Democracy***

Participation can lead to the enfranchisement of previously disenfranchised segments of the population. Nevertheless, historically, few political and social rights have been acquired as an outcome of participation. Consider the electoral rule of “one person-one vote,” an outgrowth of the democratic belief that all people share the same basic political values irrespective of their position in society. In his examination of modern European history, Macpherson (1977) shows that this belief matures to a widely shared truth only when the ruling class is convinced that the poor majority is not a threat to their rule. The vote was granted by the emerging ruling classes; it was not demanded by the poor. The origin of modern liberal democracy rests on a disturbing assumption: The elite compete to rule but voters remain apathetic.<sup>4</sup>

If we examine social rights, it is also not clear that they derive from participatory movements or democratic pressure. The beginning of the modern pension system dates from the rule of Bismarck in Germany.<sup>5</sup> In Latin America, it was dictators such as Peron in Argentina and Vargas in Brazil who pushed for and enacted some of the most important social legislation. For years, the authoritarian Soviet Union was looked upon as a model for women’s rights legislation.

Moreover, a dynamic civil society may fail to express itself politically. Jose Murilo Carvalho (1987) gives a dismaying description of how Brazil attained its democracy. In 1889, the same population of Rio de Janeiro that was remarkably well organized in its revolt against the mandatory *variola* vaccination was apathetic to the political movement against the empire. In fact,

most residents of the city confused the transit of military troops (part of the “palace coup” that resulted in the First Republic) with a military parade.

Why then is participatory democracy such an attractive, unifying concept? And why does it have so many constraints? Perhaps the concept is attractive because, as Macpherson (1977, p. 94) has argued, “low participatory and social inequalities are so bound up with each other that a more equitable and humane society requires a more participatory political system.” It has two important constraints: size and the difficult path of implementation.

... most of the questions that would need to be asked in our present complex societies could scarcely be formulated by citizen groups specifically enough for the answers to give a government a clear directive. Nor can the ordinary citizen be expected to respond to the sort of questions that would be required to give a clear direction. The questions would have to be as intricate as, for instance, having to ask questions such as “what percent unemployment rate would you accept in order to reduce the rate of inflation by x percent?,” or, “what increase in the rate of (a) income tax, (b) sales tax, (c) other taxes {specify which}, would you accept in order to increase by *blank* per cent {fill in the blank}, the level of (1) old age pensions, (2) health services, (3) other social services {specify which}, (4) any other benefits {specify which}.” (Macpherson, 1977 p. 95).

The path to, and the functioning of, participatory democracy demands citizens who are more than consumers. They should also struggle for political power, develop capacities to acquire political power, and enjoy the exercise of political power. All these activities are based, presumably, on a sense of community. More important, they are predicated on a just society or, at

least, on a society that views itself as just. For harsh and deeply felt inequalities require a nonparticipatory party system to hold society together.

These various requirements for a functioning democracy may contradict one another.

Macpherson (1977 pp. 95–96) notes:

We seem to be caught in a vicious circle. For it is unlikely that either of these prerequisite changes could be effected without stronger democratic participation than there is now. The reduction of social and economic inequalities is unlikely without strong democratic actions. And it would seem, whether we follow Mill or Marx, that only through actual involvement in joint political action can people transcend the consciousness of themselves as consumers and appropriators. Hence the vicious circle: we cannot achieve more democratic participation without a prior change in social inequality and in consciousness, but we cannot achieve the changing social inequality and consciousness without a prior increase in democratic participation.

And the obstacles are greater still in developing countries, where the call for participatory democracy may come before liberal democracy is achieved. There, fractions of the elite, instead of competing under established ground rules, are often engaged in civil wars. While working in Angola, one of the authors was once told that “the civil war is not our war; we just die in it.”

Can the vicious circle be broken? Can the obstacles be reduced? The historical record provides a categorical answer: Yes. Incremental benefits and lower inequalities can change the image people at the bottom have of themselves—from victims to survivors—and this provides a critical stimulus to participation. A crisis may also stimulate social action. Participation, in turn,

pushes for further incremental change in the distributive system. This is evident in the spread of workers' participation in the design of work rules, in the long and successful tradition of self-enforcement among professionals in the United Kingdom and in the United States, in the phenomenal success of the community-based Viva Rio movement after the horrific slaughter of street children in 1995. The energy unleashed by participation helps explain how a motley group in a church-based community movement in Boston achieved what the entire police department could not: a significant reduction in juvenile crime rates and the suspension of all gun-related homicides among teenagers.<sup>6</sup>

The examples are numerous and varied for, as Max Weber observed (1964, p. 35), people *want to* engage in social relations. People willingly join participatory movements because through them they can satisfy their interests. They may like the outcome, they may enjoy the solidarity that the social relation creates, they may even derive some compensation from the simple expression of their interests.

There is a strong demand for participatory and community-based development programs not because they promote democracy, although they may. The attraction is their capacity to achieve redistribution with incremental localized gains. In the context of a specific project, participation can be used to interpret demands and produce a better match between project outputs and local wants; it can be used to align the distribution of benefits and costs with the needs and aspirations of the community.

### ***Using Participation to Identify Demand***

Public agencies often base their actions on standards. So many hospital beds per thousand people, so many nurses per so many hospital beds, and so on. Standards are derived from perceived needs



and technical characteristics. As Pritchett (1996) has argued, this belief, fixed firmly in bureaucratic thinking, has become part of conventional wisdom. It has taken decades of painful experience and failed projects to see that it is wrong.<sup>7</sup> The reliance on needs-based standards is misplaced because individuals act to satisfy demands, which are highly specific to individuals or groups, and governments act to satisfy political interests, which may not coincide with the needs of particular individuals or groups. Centralized and technocratic solutions have two consequences. Either the pattern of service provision will be uniform across all areas, irrespective of differences, or there will be attempts to adjust services by “technical coefficients” in response to a new set of standards.

There is therefore a strong case for decentralization—for mechanisms that enable the provision of services to be more responsive to local preferences. The provision of goods and services should be based on demands, not needs. Moreover, the least-cost way to provide goods and services may not be through a framework of universal, free, and monopoly provision by government. Participation is a powerful method of determining demand and helps agencies resolve the vexing question of how to provide goods and services—and who should provide them.

### ***Does Participation Reveal Demand Effectively?***

Participation by individuals allows institutions to determine what it is that people want. But in the presence of markets, is participation needed to identify demand? Competitive markets allow individuals and households to express their preferences under a much broader set of conditions than nearly all other forms of participation, and they do so better and at lower cost. Moreover, competitive markets discriminate among individual demands according to a single variable—

purchasing power. Unlike other social constructs for exchange, markets simultaneously exchange information about preferences, relative scarcities, quality, and reputation. Competitive markets thus dominate other forms of participation and exchange.

Markets, however, have some well-known limitations, which can be overcome by participatory institutions. Market preference can only be known and measured after exchange. A market without exchange or with insufficient exchange fails to reveal social preferences adequately, as does a market without sufficient competition among buyers and sellers. In developing countries, despite the widespread and growing use of market institutions, there still are pockets of the population that are so loosely integrated with the market that the very concept of market preference or demand may not apply. In general, preferences revealed in the market are constrained by what is supplied to and demanded from the market (an adequate estimate of the demand for airplanes cannot be constructed without a well-developed concept of an airplane). Markets do not price dreams, yet actions (and institutions) may be inspired by dreams; preferences may be symbolic and difficult (if not impossible) to price.

Furthermore, even when markets can work they frequently fail to do so. Consider the following: The economics literature on public service provision has been powerfully influenced by Tiebout (1956).<sup>8</sup> Samuelson (1954, 1955) had proved that the market could not secure an efficient allocation of resources in an economy with both public and private goods. It was defeated by the nonexcludability and nonrivalry properties of the public good.<sup>9</sup> Tiebout countered that if public goods were “local,” in the sense that benefits were limited to a defined geographical area, a quasi market mechanism was restored through the ability of individuals to choose the jurisdiction in which they lived (or, by extension, the group with which they associated).<sup>10</sup>

As Stiglitz (1983) has argued, Tiebout's basic insight was to argue that if individuals were mobile among communities, or if they could create their own communities, the three fundamental problems associated with the provision of public goods would be resolved.

For private goods, individuals reveal their preferences in the process of purchasing goods; for public goods, the problem of *elicitation* must be resolved some other way. For private goods consumed individually, individual consumers can decide what and how much to consume based on how much money they have, the distribution of prices, their own preferences, and what is available in the market; for public goods, the problem of *social choice* must be resolved some other way. For private goods, firms have strong incentives to produce the goods that consumers want and to produce them efficiently; for public goods, the problem of *production and management* must be resolved some other way.

Tiebout thought that a homogeneous community could resolve these three problems: it would know what it wants, in what ranking, and at what costs. And people could choose among communities or form their own.

Unfortunately, the solution is not so simple in everyday life. In everyday life, Stiglitz (1983) shows that "community-type" solutions are unambiguously good solutions only in a very special case. The market allocation solution is faulty when (a) there is imperfect information and individuals or groups can acquire information and/or be influenced by the actions of others; (b) there are incomplete future or risk markets; and (c) there are economies of scale in production that result in only a subset of the set of potential goods being produced.

A participatory community (one that creates extramarket mechanisms for coordination and enforcement) could address many of the problems of imperfect and incomplete information

(problems (a) and (b) above); and a system of participatory communities could face up to the problem of scale. To see why, consider the following three common forms of market failures:

*Asymmetric information.* Suppose you want to borrow money from me. If I know as much about your ability to repay the loan as you do, I would be well equipped to make a decision about lending to you. But, in fact, I know less about your ability to repay the loan than you do, making it more difficult for me to evaluate the risk involved in lending to you. Moreover, if you have information that would help me make a decision, but my decision affects your well-being, you may have an incentive not to share all of your information with me, a possibility I anticipate. As a consequence of this asymmetry, I make a less efficient decision than I otherwise would have. A mediator who has some additional information about the parties could help by sharing that information and correcting misinformation held by others. Local credit cooperatives are sometimes able to function efficiently where banks fail because they share information, even if they do not disclose it. In this case, trust and creditworthiness are conditions for participation, and loss of reputation is the penalty for misconduct.

*Disreputable information.* Markets fail in the absence of confidence in the information that is available, and the outcome may be collective paralysis. If I lack information that I believe will be made available tomorrow, I will likely put off making a decision until tomorrow. One way to reduce the lack of confidence is to design contracts with contingencies. But no contract can specify all possible contingencies. A joint or collective decision (participation) may be more effective. It reduces uncertainty since the fear of uncertainty is reduced when one knows some of the events that can most directly affect one's future. For example, I may invest in producing bananas if I know that you will invest in transporting bananas.

*Opportunistic behavior.* I will not agree to something I think you are likely to renege on. I may not like or trust your reputation. But if others I trust vouch for you, I may go along with the deal. A community commitment may overcome my fear of your reputation. Bonding, either by floating a financial obligation that can be used in case of default or by operating within a tight social group (a strong form of participation), attenuates opportunistic behavior. But bonding depends critically on the costs of monitoring, enforcement, and punishment. Participation, particularly participation in vertical organizations, helps overcome these difficulties.

Forms of participation can be used, therefore, to overcome some types of market failure. They can do so by creating alternative instruments for collective action. To be sure, the appeal to collective action introduces another set of problems. If collective action is to be enforced, with the possible penalty of outlawing the individual from the community, collective action must be supported by rational or traditional rules enacted by governments or arranged, imposed, or agreed on within the group. There are no homogeneous or harmonious communities in real life. Participatory decisionmaking can coalesce heterogeneous groups by providing agreement on the losses. Individuals would not need to move to another community or form a new one.<sup>11</sup>

### ***Does Participation Ensure the Best Interests of the Group?***

The fact that decisions are made collectively does not mean that they represent the best interests of the group. Determining whether the decisions represent the group's best interest is difficult because it requires comparing interpersonal well-being, whether by aggregating preferences or establishing a hierarchy of preferences. Moreover, it is not clear how best to design, implement, and monitor an instrument based on collective action. Participation demands regulation by government action, by those directly involved in the interaction, or by both.<sup>12</sup>

It is useful to distinguish, as do Braybrooke and Lindblom (1970), between preemptory and perfectible regulations. Consider a participatory decision on whether to establish a dental care program at a school. Some of the parents that sit on the school's board of directors support the idea of establishing the clinic. They are willing to conduct a survey, establish priorities, and consult other members of the community before making a decision.

Opponents of the proposal believe that the school should not be responsible for dental care and that policy matters that are not related to the school or its curriculum lie outside the domain of the board, which should therefore not consider the issue. According to the opponents, the school and its board have a clear preemptory function, which does not include conducting surveys. Preemptory regulations rule out the possibility of participation since they are established for the very purpose of excluding other courses of action. Groups who establish preemptory values willingly tie their hands to support their central policy goal. (Examples of preemptory regulations include such constitutional guarantees as freedom of speech and freedom of religion, central policy goals that override other goals.)

In contrast, nonpreemptory regulations—regulations that accommodate comparison, such as a negotiated course of action—can be improved by participation. Participation may also help turn a preemptory stance into a negotiable position. In the United States, the civil rights movement and the feminist movement changed constitutional rules. In nonpreemptory situations, participation may improve the quality of public spending by promoting innovations or changes in the government's plan. In El Salvador, rural school boards managed by the community now have responsibility for the budget and administration of the schools; in the slums of Rio de Janeiro, local water committees now share in the administration, design, and provision of services.

In other cases, however, the outcome of participation is less certain. Participation itself does not ensure sustainability. Participation by a misinformed community group can distort public policy.<sup>13</sup> It may lead to waste; for example, women cooperatives in Chiapas, Mexico, have made costly and useless investments based on incorrect communally held information. Participation could be the key to environmental protection, but it may lead to very wrong technical decisions on what and how to protect.<sup>14</sup>

Participation is a social act that springs from a preexisting set of social relations. It requires leadership and organization, attributes that must be created within the community and that, ultimately, reflect its values and goals. Participation begins with trust and is, therefore, more readily applied in situations that fortify communal values. When it is used to achieve “radical” (e.g., redistributive) outcomes, it typically seeks a redistribution from other groups to the group in question, not redistributions within the group. For this very reason it can and should be regulated—to ensure its consistency with the broader norms and mores of society, including its legality. If an indigenous community condemns women to illiteracy and is ruled by strictly patriarchal male-dominated norms, participatory means can not be used to induce the community to offer education for girls. What participation does allow, importantly, is for the adjustment of nonpreemptory norms to the interests of the group.

### ***Does Participation Strengthen Individual Rights?***

*Submission, exclusion, and social dysfunctionality.* If participation interprets demands it follows pronouncement. In Hirschman’s lexicon participation is *voice*, not *exit*—and it is also *loyalty*. More subtly, participation involves consent on acceptable losses; it solicits the postponement, or even omission, of private interests (as reflected in such proverbial sayings as “act in haste, repent

at leisure” or “look before you leap”). It requires good sense in that it should reflect customary rather than idiosyncratic values.

An expansive social agreement is more stable, partly because it involves greater social interaction. Participation helps expand a social agreement by counterbalancing the tendency of individuals to form factions. If, however, fewer factions leads to bounded liberties, as James Madison hoped it would, the political task of organizing common views is to identify and consolidate factions. Consolidation involves the acceptance of social norms for arbitrating interests, and it involves consent on acceptable losses of private interests. In order to generate demands that are intelligible, appropriate, and legitimate for the appointed social order, participation represses some claims. It is thus *exclusionary*—and in this sense, as Kenneth Arrow has observed (1997, page 761), it is closely related to markets.

In a way, the law-governed state and the market are very similar. Both are impersonal systems, in which individual differences are suppressed or at least not allowed to influence results. It is not merely that individuals have needs. Because they are distinct, they have different needs. But neither the market nor the state can really allow for these differences, except by permitting a private sphere in which neither operates. (The market allows for individual choice in consumption, but not for the fact that the distribution of income by no means corresponds to needs.)

Participation may be either unnecessary or disruptive—market and/or administrative solutions might be better. Consider, for example, activity within a firm. What transpires within the



firm is not mediated by standard market mechanisms, but it is closely linked with what goes on outside the firm. As Marx showed in his analysis of the factory system, the most effective systems of management within the firm (those that have survived historically) mimic the systems used to determine actions in the external environment.

For instance, firms often pay wages in excess of opportunity costs (the efficiency wage theory). They do so not for altruistic or paternalist reasons but because they recognize that higher wages induce greater effort by motivating workers to work harder. Higher wages also benefit management in other ways (by increasing selectivity in hiring and reducing turnover, for example). The complex system of rules determining rights, responsibilities, rewards, and arbitration of disputes and conflicting interests affects the firm's bottom line by increasing productivity and profits.

Observing how decisions are made in practice might thus furnish lessons on the right way to make "local" distributive decisions. We would like to think that local institutions evolve endogenously to serve more than individual ambitions. The question is, do local institutions improve social outcomes? Do they reflect adequately the distribution of local wants and needs? There are no simple answers to these questions; local institutions may improve collective welfare but not necessarily or even usually.

It is difficult to show that more participatory schemes outperform less participatory schemes, when there is the option of using either one or the other. For example, participatory "quality control circles" were introduced by many firms in response to increasingly complex, interconnected tasks. The outcome has been uneven. At some level, giving workers a greater autonomy increases productivity and workers' satisfaction. But the system demands new forms of

hierarchy, and it is difficult to generalize the positive association between worker control and output for all jobs. It is even harder to show that social innovations, such as “quality control groups” or “neighborhood associations,” are evolutionary steps that progress “naturally” to desired or generally accepted social outcomes. In particular, we know that schemes developed to address market failure may become dysfunctional *after the market begins to work better*, since they can distort the operation of markets and reduce welfare.

To see why this is so, consider Arnott and Stiglitz’s (1991) classic example of the market for automobile insurance. One way in which the insurance market responds to moral hazard is to require copayments in order to provide individuals with incentives to avoid accidents. But the need to make copayments means that individuals purchase less insurance than they otherwise would. To obtain the level of coverage they would have had in the absence of coinsurance, they may enter into nonmarket mutual insurance agreements. Marriage, in which each spouse implicitly (sometimes explicitly) insures the other, may represent one such mechanism.

Can a normative position on this arrangement be developed that is socially optimal? Whatever its other merits, marriage is not the best way to provide automobile insurance. Not, that is, unless both spouses agree that their utility is fully interdependent (each always acting as if the other’s utility depended on his or her efforts), each spouse can monitor the other perfectly, and both spouses agree to this monitoring system and the sanctions it implies—an unconventional marriage indeed.

Nonmarket insurance is suboptimal because for market insurance to work efficiently the quantity of insurance provided by insurance companies must be less than the quantity of insurance demanded by drivers. If this condition is not met, drivers would face no financial incentive to

avoid accidents. Recognizing that spouses provide each other with some nonmarket insurance, insurance companies reduce the quantity of insurance they offer. In the end the total quantity of insurance provided is unchanged, but it is provided at a higher cost than it would have been had insurance companies been the sole providers of insurance, because insurance companies are better able than spouses to pool risks and thus to lower costs.

In this example, nonmarket participatory insurance is harmful and dysfunctional since it cannot improve on the equilibrium achieved without nonmarket insurance. The provision of nonmarket insurance does not enhance the risk-sharing capabilities of the economy. Instead, it simply crowds out market insurance. The simultaneous provision of market and nonmarket insurance also violates exclusivity (the need for insurers to limit the quantity of insurance), which typically creates negative externalities that cannot be internalized and therefore lead to higher costs.

The example vividly illustrates the functionalism fallacy: the fact that an institution (nonmarket insurance) has a clearly identifiable function (to improve risk sharing by supplementing the rationed insurance provided by the market) does not mean that it actually performs that function.

*Local rules and local justice.* The ways in which people sort out the problems of allocation and distribution are varied and complicated. Collective, participatory decisions should, but frequently fail to, confront justice and fairness. Elster (1991) and Elster and Roemer (1991) have examined justice at the level of the community, the group, and the firm, studying decisions on selecting organ transplant recipients, admitting students to institutions of higher learning,

allocating public resources, selecting workers to be laid off in a retrenchment program, and distributing “protection money” received from local drug lords. There are no optimal solutions.

Doctors and other specialist allocators do not see their role as that of redressing social injustice. They are specialized providers of specific services, not promoters of overall welfare. They may be willing to compensate for bad luck that falls within their specific domain but not for bad luck overall. A person in need of a kidney may be compensated for kidney-related bad luck, but usually not for other kinds of medical bad luck, and definitely not for nonmedical bad luck. If the specialists are aware that there is a bigger picture, they leave it to others. Often, however, nobody feels responsible for the big picture. The many local justice decisions that are made by different institutions with respect to the same individual can add up to a global injustice (Elster 1991, p. 126).

His conclusions are not encouraging:

The main impression is that it is a messy business. Usually the institution acknowledges that more than one feature of the individual is relevant for the allocation decision.

Sometimes . . . explicit weights are assigned to the various features. More frequently, this weighting is left to the discretionary decision of the administrators. Often, there is some discrepancy between the official principles and actual practice. Sometimes, tortuous explanations are given to reconcile practice and principle . . . . More frequently, the principles are just violated in secret. Reaching agreement on a principle is often achieved

at the cost of some vagueness about interpretation and implementation (Elster 1991, p. 114).

Historically, of course, pacts were made and collective action assumed definite forms. Most of these pacts involved coercion; much of classical philosophy is devoted to the search for balance between confidence and compulsion. It would be presumptuous to deny the lessons from this distinguished history. But if the search must be made in this context, it is hard to believe that it would be conclusive. Arrow (1975) has noted that individuals may derive satisfaction from someone else's gain. Camaraderie allows for complex social contracts, of which participatory schemes are a prime example. But there are narrow limits to camaraderie. What guarantees that the agreements will be respected? Why share burdens and costs and not free-ride on the achievements of others? What enforces reputation, and how do we live in the minds of others?

There is one consolation: The fact that the decisionmaking process is local does not make it more or less messy than when it is not. The fact that decisions are made by highly qualified people such as deans, doctors, and entrepreneurs does not ensure the quality, fairness, or transparency of decisions. A growing body of microevidence suggests that if the interested parties (for example, students, administrators, teachers) are represented in the decisionmaking process and "own" its outcome, then autocratic decisions, so common in technocratic bodies, can be avoided and outcomes can be less messy.

## **Conclusion**

Participation is as much a problem as it is a solution, as much a goal as an instrument. It is a problem when it is disorderly and it is a big problem if it is assumed to be a substitute for democratic representation. It is a solution when it changes conflict into negotiated losses.

Participation can make development assistance more effective. But it works best for groups that are already able to help themselves.

The recent literature on the effectiveness of foreign aid to developing countries presents an interesting analogy to the findings on participation. Most foreign aid is useless; the only portion that really helps development is that which follows rather than leads policy change (Burnside and Dollar 1997). Similarly, participation seems to work well only when the institutions of participation are in place before the need they address arises and when the institutions are compatible with its objectives. These conditions, as discussed, are not easily met.

Questions about participation cannot avoid the issue of political power, local power, populism, and representation. They cannot avoid issues of moral pluralism (the variety of ways in which people could value their lives) or cultural diversity. They cannot dismiss the ways in which people can be blocked from better lives by the beliefs of their cultures. They cannot avoid the pressure that a dominant group may exert to forge solutions that are morally unacceptable.

So, after all this, do we conclude that these problems are banal, the stuff of introductory courses in public policy? Perhaps. But even if banal, these problems are not irrelevant or unimportant. Efforts to promote participation would seem strikingly banal were the history of development efforts not replete with failures to achieve participation where it would have made a

difference. It has typically been assumed that people, especially poor people, lack the competence to decide for themselves.

Likewise, the failures of participation would seem strikingly banal if people, especially those we are interested in, behaved the way we expected them to behave. In fact people do not behave as expected. Their interests may not be in the collective interest and their goals may not coincide with broader social goals.

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## NOTES

<sup>1</sup> *The Alliance for Progress*, launched in the early 1960s, was strongly influenced by the then prevailing ideas on “community development” and by the “self-help” ideology of the Papal Encyclical *Mater et Magistra*. (On this, see Gordon (1963), esp. pp.12-13). As examined by Riordan Roett (1972), the program failed famously.

<sup>2</sup> The question is what rights. One idea is that a person should have the right to what she produces. Production, however, requires the inputs and collaboration of others. It is essential to apportion the claims pre-dating production. The distribution of output is based on the prior definition of property rights and of entitlements—and the “natural” distribution of entitlements may not be desirable to all.

Another idea is to choose rights that maximize social welfare based on individual utility maximization. But, as is well known, this idea also fails to answer the question of what rights. We cannot compare *levels* of utility because it is impossible to aggregate individual *bundles* of utility without infringing some simple common-sense rules. Thus, the question of when one set of rights ought to be considered socially preferred cannot be answered, strictly (see Elster and Roemer, 1991 for an extensive discussion).

Still another idea is to base the choice of rights on the social definition of what is fair—and use this ranking to order social preferences. In the sense of nonenvy, fairness is an attractive concept. But, on further thought, “fairness” is at odds with social improvement. I will not think it fair to give you money now if this means that I give up the possibility of having more money in the future. These problems are well known and have been around for some time (see Broadway and Bruce 1984, chapter 5).

It was Rawls’ (1971) seminal contribution to have developed a notion of justice that addresses these shortcomings, answering the question “what rights?” Rawls’ approach is to use a set of ethical postulates to define welfare: “liberty, opportunity and a sense of our own value” are primary goods and their loss is absolute (1971: 400). They are not negotiable and no amount of material goods can compensate their loss. Justice follows, as a supporting construction, formed by rights based on rationality at the individual or household level (see Feldman 1980 for an extensive discussion). Because opportunity is a primary good, as is the liberty to demand opportunity, opportunities derived from “a sense of our own value” are norms that govern rights. New rights thus imply new opportunities. To demand or to bestow opportunities is to subscribe to and accept a new right. A demand for a new right, or for the extension of established rights to a new social group, is an innovation in the social order; it requires a new contract; new norms of distribution.

Rawls’ theory has been criticized on several grounds. First there is an important and problematic consequence. *Justice can exist only for those who subscribe to the norms*. If the social order is summarized in a given welfare function, opportunities, conceived as norms or social rules, exist as such only to the people subscribing to this function. One must accept what there is to demand it (Hollis 1996 outlines the critique).

Moreover, an equitable distribution of primary goods may not assure equity. Sen has observed that, “With the same bundle of primary goods, a pregnant woman or one with infants to look after has much less freedom to pursue her goals than a man not thus encumbered would be able to do.” (Sen (1992), page 27. This has led him to focus on *functionings* and *capabilities* as a basis for freedom to choose, hence justice.

Functionings are what people want to do,

The relevant functionings can vary from such elementary things as being adequately nourished, being in good health, avoiding escapable morbidity and premature mortality, etc., to more complex achievements such as being happy, having self-respect, taking part in the life of the community, and so on. The claim is that functionings are *constitutive* of a person’s being, and an evaluation of well-being has to take the form of an assessment of these constituent elements (Sen, 1992, page 39).

Finally, Rawlsian rationality is not only inadequate but faulty, as Arrow (1973) indicated early on. Rawls’ welfare function is attractive because it is not only rational (utility maximizing). In it, households base their choices on the utility of the *worst-off household*. The problem is that to derive this function Rawls presumes that individuals act with a “veil of ignorance” that shades interpersonal comparisons. Person  $\alpha$  might know that in state  $\Gamma$  there is one millionaire and one pauper, but she does not know whether she would be the millionaire or the pauper. In ignorance, she opts for an option where she is guaranteed a tolerable level of wealth; i.e., the state that

maximizes the well-being of the person in the worst position. This does not mesh well with usual behavior. Most of us, when faced with the choice between  $\alpha = (30, 30, 30)$  and  $\beta = (20, 100, 100)$ , would choose  $\beta$ .

<sup>3</sup> The “correct” distribution of rights (i.e. *equity* as expressed, for example, in Rawls’ social welfare function) is commonly understood as the balance between justice and efficiency. It is a form of social security for excessive violations of these two opposing forces; violations which may lead losers to give up or to revolt. The consequences, in both cases, will seriously affect the functioning of the group. Apathy is dangerous because it encourages resignation. Arguably, this would not be a concern if apathy were random or proportionally distributed in the social structure. It is not. Schattschneider (1970), for example, finds that it is the rich who preponderantly have the motivation, the time and the resources for participating in social and political life. Thus apathy may lead to the loss of politics. And though rebellion may alter a situation of inequality, it will do so only if the oppressed win, which seldom happens; more often, rebellion will call for retaliation. Winners regularly learn that there is a point of frustration that may tear the weave of solidarity mechanisms holding the group together; thus, sometimes, the threat of rebellion may be sufficient to prompt a redistribution of rights.

<sup>4</sup> Yet, the right of women to vote was, in many places, an acquired right, bitterly fought for.

<sup>5</sup> David Thomson (1967, page 194) notes that: “In Germany Bismarck had shown that one way to revive Conservatism was to adopt a policy of social reform, and that one way to pay for social services was through a policy of fiscal [trade] protection.” To the extent that this policy was copied by other European states and, to the extent that it led to a slow-down in overall growth, one could argue that, at its inception, the policy of social welfare plighted “insiders” with newly acquired expanded rights against “outsiders” with newly erected barriers to conquer.

<sup>6</sup> On work-rules see, ; on professional self-enforcement see, ; on the Viva-Rio movement see, ; on the recent Boston experience, see . The counterfactual to these examples are the many experiences where the physical destruction of a community lead to social anomie; the classic reference is Gans (19XX)—a hallmark of the 1960s academic reaction against technocratic planning and one of the most influential works in the revival of “community based” approaches to social problems.

<sup>7</sup> See Braybrooke (1987) for a cogent defense of “needs based” assessments in social policy. However, as Brock (1994) points out in his review, Braybrooke’s method “requires insupportable assumptions that need not necessarily result in any consensus, let alone the most equitable outcomes for all. Without an enhanced method for settling questions concerning needs, Braybrooke’s project has come to a standstill...”

<sup>8</sup> The efficiency case for decentralization in the provision of public goods and services was developed by, *inter alia*, Tiebout (1961) and Oates (1972).

<sup>9</sup> A pure public good is one which exhibits both non-excludability in production (it is impossible to exclude from benefit a person who refuses to contribute to the cost) and non-rivalry in consumption (one person’s consumption does not reduce the amount available for others).

<sup>10</sup> The extension, however, is neither as simple or mechanical as this parenthetical statement may imply. The political-economy implications of the philosophy that “where the benefit of a particular service is clearly identifiable as going to the particular individual, then there is a good case for that individual paying the price and choosing whether or not he takes the benefit of that service” is developed in Buchanan and Tullock’s classic text (1962), and applied more rigorously to bureaucratic behavior by Niskanen (1971).

<sup>11</sup> The foundation of the United States illustrates both alternatives, exit (displacement) and voice (remain but re-contract). The demand for religious freedom not found in the monopolistic situation of origin expelled the first colonizers who formed a new community with different rules based on diversity. The search for stability inspired the initial 13 colonies to negotiate their differences, establish new priorities, transfer previous rights, and contract a nation in a Locke-type solution.

<sup>12</sup> Regulation also precedes markets, a fact well recognized by Adam Smith (see Sen 1987). The point is that this same sequencing is demanded for effective participation.

<sup>13</sup> A recent and fascinating example is the web of relationships behind the assassination of PRI's secretary-general, Jose Francisco Ruiz Massieu. As Guillermprieto (1997) explains, this has come to involve a soothsayer linked to then President Salinas' brother, Raul. "Long before La Paca became a soothsayer, she played her own small part in Mexican politics. There are newscast images of her ... in the aftermath of a squatters' action she helped coordinate. ... There was a prescribed form for these confrontations, which was followed in 1982 by Francisca Zetina—as La Paca was still known—and some five thousand squatters she had helped to muster: they squatted, the government sent in the riot police, and La Paca negotiated. In normal circumstances, the government would have paid off the land's original owners, La Paca would have received some portion of the occupied land to parcel out among her followers, a new shantytown would have been born and baptized in honor of a local PRI politician ... . [But in this particular case something went wrong.] ... the local authority was asking for too much—a house on the occupied land and a car—in exchange for his protection."

<sup>14</sup> One study found that the rankings of the perceived health impacts of various environmental hazards by scientists and nonscientists were uncorrelated, suggesting that participation by nonscientists would not improve outcomes (Environmental Protection Agency 1987; Kraus, Malmfors, and Slovic 19xx).

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